

# Deviations from Contract Requirements Guideline - 4.5.G (12/15/99)

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## Last Update: (12/15/99) BDenman:dal - 4.5.G.0

This guideline has been reformatted for placement on Sandia's External Web site.

### Definitions

**Contract deviation** is any unauthorized change to any term or condition of a contract by a Contractor.

**Consideration** is basically whatever is given in exchange for something else. Consideration is present only when parties intend an exchange, whether it be a promise exchanged for a promise, a promise for an act, or a promise exchanged for a forbearance to act.

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# Contract Deviations Procedures - 4.5.G.1

Deviations from contract requirements shall be acted upon in a timely manner by the SCR after concurrence with the Requester. Specific SCR documentation shall be commensurate with the nature and value of the deviation. Any contract revision regarding deviations shall reference the appropriate Section I requirement and Section II clause (i.e., changes, inspection, terminations).

The SCR in conjunction with the Requester will determine if the deviation has diminished the value of the contract. The SCR shall negotiate appropriate consideration:

- when the value of the contract is diminished as a result of a deviation, or
- if the product/material is to be reworked at SNL.

Detailed instructions for returning deviating/warranted material is provided in Guideline 6.21 - "Shipping and Receiving."

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## Quantity Deviations - 4.5.G.2

The SCR is responsible for ascertaining that order quantities are appropriate in that they:

- take advantage of quantity price breaks,
- are compatible with industry standard measures, except for special considerations,
- are stated in unambiguous and noncontradictory terms regarding number of units, unit measure, and total quantity, and
- satisfy the requirements of the requisitioning organization.

### Undershipments - 4.5.G.2.a

The SCR will determine the reason for the undershipment and whether the procurement should be kept open or closed out.

#### **If the**

line item(s) is to be closed out at the quantity received,

undershipment is to be

#### **Then the SCR...**

- negotiates a price decrease,  
- documents decrease, and  
- distributes copies of documentation to the appropriate organizations (i.e., Requester, Receiving, Accounts Payable, etc.)

negotiates a satisfactory delivery date for the balance

considered a partial, (with Requester's concurrence).

SCR and Contractor cannot reach agreement on the undershipment,

considers termination for default procedures for the remainder of the items (Partial Termination). (See Guideline 4.7.)

The SCR may also want to consider alternative actions such as negotiating a no-cost cancellation for the remaining items.

## Overshipments - 4.5.G.2.b

The excess material may be returned at the Contractor's expense or accepted at the Requisitioner's direction at a price negotiated by the SCR. Such factors as quantity price breaks, return shipment costs and benefits to SNL and Contractor shall be taken into account in the negotiation of a price for the overshipment.

### If the...

variation to quantity is due to ordering in other than industrial standard sizes,

quantity received in variance to order quantity is in other than standard sizes,

material is normally produced or sold in nonexact quantities such as printed forms, wire and cable,

### Then...

material shipped in nearest quantity in standard increments to required quantity shall be accepted as meeting contract requirements.

SF 6891-S Form "Return of Deviating Warranted Material Report" is to be processed.

variations within a given percentage shall be accepted.

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## Quality Deviations - 4.5.G.3

It is important to spell out the specifications which the Contractor allegedly has not met. It is not sufficient to state that an item does not operate or appear as desired. A description of the deviation shall be, wherever possible, a quantitative comparison to the specification. The SCR shall attempt to resolve the deviation. If the Contractor is not able to meet the specification, and the item is otherwise acceptable to Sandia, the SCR should consider obtaining an equitable adjustment from the Contractor. If the Contractor is not able to meet the specification, it may be in the best interest of Sandia to consider a termination for default. In any case, the SCR should document the file regarding the actions taken.

## Specification Exception Material (SEM)

Contractor originated requests for authorization to submit weapons production material that does not completely meet SEM are made on SXR worksheets, Form 5413-C. Upon completion by the requesting line organization, the form is sent to the SCR who signs and forwards the form to the Contractor (by mail or fax), Requester, Quality Assurance Department and other organizations as applicable. For details, refer to the Engineering Procedures Manual, EP401520 (available from the Procurement Policies and Procedures Team).

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## Other Deviations from Contract Procedures - 4.5.G.4


Some other deviations include: schedules, transportation instructions, discounts or other contract terms and conditions. These deviations shall be treated as deemed appropriate by the SCR. The SCR may communicate the deviations and possible corrective actions by using SF 6891-S or other equivalent documentation.


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## References - 4.5.G.5

- Policy and Guideline 4.7 – Termination/Cancellation
  - Policy and Guideline 6.21 - Shipping and Receiving
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Send feedback on ideas and information on this page to the Process Expert, Bertie Denman.

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